Committe to Examine Optimal Fund Requirement of Ministries

1942. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have appointed a Committee to examine optimal fund requirement of each Ministry;

(b) if so, the details of its composition and terms of reference;

(c) whether this Committee has since submitted its report; and

(d) if so, the broad details of its recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALMIMANICKAM): (a) and (b) Government have constituted a Sub-Group with members from Reserve Bank of India, selected departments/Ministries of the Central Government and Controller General of Accounts to, inter alia (i) examine the working of the pilot scheme of Cash Management System in Central Government introduced in the nine departments/Ministries, (ii) review the past behavior of cash flows, (iii) recommend building up procedure under which revenue and expenditure can be identified and timed in advance with concomitant release of funds, (iv) recommend establishment of appropriate database system for the purpose of monitoring cash flows of the Central Government, and (v) recommend desirability/feasibility of extending the cash management system to other departments/ministries.

(c) and (d)The sub-Group has not submitted its Report till now.

Evasion of Income Tax

1943. DR. K. MALAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether despite the law of the land and its machinery, there are cases of evasion of income tax;

(b) if so, whether it is due to system failure or human failure or both;

(c) whether there will be a fool-proof system to control and contain this evil, if not possible to eradicate; and

(d) whether there can be another fool-proof system to unearth the illgotten black money that is largely available in this country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b)The Income-tax Department takes several deterrent and punitive measures to check evasion of Income-tax, including undertaking searches and seizures, surveys, scrutiny of return, imposing penalty and launching prosecution in appropriate cases.

(c) The Government continuously strives to check tax evasion through legislative and administrative measures.

(d) Apart from the measures taken by the Income-tax Department, the Prevention of Money Laundering Act, 2002 seeks to prevent money-laundering and provides for confiscation of property derived there from. The Government has also constituted an Expert Group to recommend special schemes to unearth black money and assets.

Limit on Island Special Allowance

1944. SHRI ABDUL WAHAB PEEVEE: Will the Minister of FINANCE be pleased to state:

(a) whether Island Special Allowance is given to Central Government employees in Andaman and Nicobar Islands as percentage of basic pay without any maximum limit;

(b) whether the employees of Nationalised Banks are getting the Island Special Allowance with the maximum limit of Rs. 1500/- per month; and

(c) what are the reasons for this limit in case of banks and by when Government propose to remove it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The officers of Public Sector Banks who are posted from outside to Andaman and Nicobar Islands are paid ad-hoc and temporary incentive subject to a maximum of Rs. 1500/- per month.

(c) The pay and allowances of bank employees cannot be compared with that of Government employees. At present there is no proposal to remove the maximum limit of Rs. 1500/- per month.